

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FTX TRADING LTD., *et al.*,

Debtors.

Chapter 11

Case No. 22-11068 (KBO)

(Jointly Administered)

**DECLARATION OF HENRY ANTHONY CHAMBERS IN
FURTHER SUPPORT OF DEBTORS' AMENDED OBJECTION
TO PROOFS OF CLAIM FILED BY SETH MELAMED AND MOTION
FOR SUBORDINATION PURSUANT TO 11 U.S.C. §§ 510(b) AND 510(c)(1)**

I, Henry Anthony Chambers, hereby declare under penalty of perjury under the laws of the United States of America that the following is true and correct to the best of my knowledge, information, and belief:

Background and Qualifications

1. I am a Managing Director employed by Alvarez & Marsal ("A&M"). Further information regarding my qualifications may be found in my prior declaration [D.I. 28645].

2. I submit this declaration in further support of the *Debtors' Amended Objection to Proofs of Claim Filed by Seth Melamed and Motion for Subordination Pursuant to 11 U.S.C. §§ 510(b) and 510(c)(1)* [D.I. 28643].

3. I am not being compensated for this testimony other than through payments received by Alvarez & Marsal as financial advisor retained by FTX Trading Ltd. and its affiliated debtors and debtors-in-possession (formerly, the "Debtors," n/k/a the "Trust").

4. Except as otherwise indicated herein, all of the facts set forth in this declaration are based upon my personal knowledge, my review of relevant documents, and/or information provided to me by A&M professionals involved in advising the Trust in the above-

captioned cases. If called upon to testify, I could and would testify to the facts set forth herein on that basis. I am authorized to submit this declaration on behalf of the Trust.

Melamed's Post-Petition Role

5. On November 11 and November 14, 2022, the Debtors filed with the Court voluntary petitions for relief under the Bankruptcy Code.

6. Following the decision not to restart the FTX Japan exchange, one of Melamed's primary responsibilities in his roles as representative director and chief operating officer of FTX Japan Holdings K.K. and representative director and chief operating officer of FTX Japan K.K. was to assist in a sale process of FTX Japan K.K. During the sale process, while Melamed was reviewing intercompany balances to be settled ahead of the sale transaction, and also interacting with bidders, he was simultaneously preparing his own bid.

7. FTX Japan K.K. had significant intercompany liabilities of approximately \$70 million owed to other Debtor entities, which were proving to be an impediment to a potential sale transaction.¹ A prompt resolution of these intercompany liabilities was a prerequisite to the sale of FTX Japan K.K. Repayment of these intercompany liabilities would remove the need for a potential purchaser of FTX Japan K.K. to deal with them post-acquisition and would create more separateness between FTX Japan and the broader Debtor group, making it more attractive to a potential purchaser. The *Motion of Debtors for Entry of an Order Authorizing And Approving (I) the Repayment of Intercompany Payables by FTX Japan and (II) the Release of the Claims Related to the Intercompany Payables* [D.I. 15654] was filed on May 23, 2024, after the receipt of Melamed's initial bid.

¹ See *Motion of Debtors for Entry of an Order Authorizing And Approving (I) the Repayment of Intercompany Payables by FTX Japan and (II) the Release of the Claims Related to the Intercompany Payables* [D.I. 15654] for further specifics on the intercompany liabilities.

8. During the period in which Melamed was reviewing the intercompany balances, he was also actively preparing a bid for FTX Japan K.K. himself. At this time, Melamed had active roles as representative director of both FTX Japan Holdings K.K. and FTX Japan K.K., and was deeply involved in the sale process in connection with those positions. During this period, Melamed had regular interactions with multiple bidders. On May 16, 2024, Melamed submitted a bid that only slightly exceeded existing bids.

9. FTX Japan K.K. was ultimately sold to bitFlyer Holdings, Inc. on July 26, 2024. On the same day, Melamed resigned from his position as representative director of FTX Japan K.K. [D.I. 23173 Ex. 25.]

10. Following the consummation of the sale, Melamed had limited further responsibilities in his remaining roles with the Debtors, given that FTX Japan K.K. was sold and it had been decided that Quoine Pte Ltd. (where Melamed held a directorship) was to be liquidated, a process which did not require any input from Melamed.

11. For the reasons described above, the Debtors thus found it appropriate to terminate Melamed from his remaining positions. A notice of termination was sent to Melamed on July 30, 2024, which provided for three months' notice, during which time Melamed would continue to be compensated. [D.I. 23173 Ex. 26.]

12. Thereafter, Melamed filed an objection to the Debtors' chapter 11 plan of reorganization [D.I. 23167], which also included a joinder to a third party's objection. The Debtors viewed this action as inconsistent with Melamed's duties as representative director and as a breach of his October 19, 2022 management agreement [D.I. 28645-1 Ex. 5], including section 3.1(e) of that agreement.

13. For the reasons described above, it was then decided that Melamed would be terminated for cause unless he cured his breach in relation to the objection within 30 days of receiving the August 20, 2024 notice of termination for cause. [D.I. 30081 Ex. B.] To my knowledge Melamed never took any steps to cure his breach, and his termination for cause became effective on September 19, 2024.

Melamed's Ownership of FTX Equity

14. Pre-petition, Melamed acquired 1,019,070 shares of FTX common stock (the "FTX Consideration Shares") pursuant to a share purchase agreement dated November 19, 2021. [D.I. 28645-1 Ex. 3.]

15. On December 12, 2022, Melamed reached out to the Debtors requesting to resell the FTX Consideration Shares back to the Debtors due to the Japanese tax consequences stemming from the receipt of the equity consideration.

16. Attached hereto as Exhibit 1 is a repurchase agreement dated December 28, 2022 pursuant to which Melamed sold the FTX Consideration Shares to Debtors for \$1.00.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on May 7, 2025

/s/ Henry Anthony Chambers
Henry Anthony Chambers